

Air Force Materiel Command

War-Winning Capabilities ... On Time, On Cost



Small Dollar Source Selections

U.S. AIR FORCE

Integrity - Service - Excellence



Available Training

Pre-Solicitation:

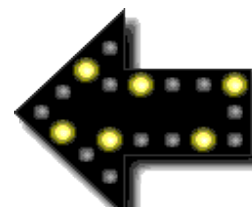
- Market Research (AFMC)
- Risk Assessment (AFMC)
- Requirements Document Development (AFMC)
- Cost & Price Planning (SAF ACE)
- Section L & M Development (SAF ACE)

Proposal Evaluation:

- Evaluation of Mission Capability & Proposal Risk (SAF ACE)
- Performance Confidence Assessment (SAF ACE)
- Cost & Price Evaluation - two options:
 - ◆ Firm Fixed Price (SAF ACE)
 - ◆ Cost Reimbursable (SAF ACE)
- Debriefings (SAF ACE)

Also Available:

- Performance Price Tradeoff (SAF ACE)
- Small Dollar Source Selections (AFMC)





Training Objective

- **Provide introduction to source selection methods for lower dollar acquisitions of varying complexity**
- **Also applicable to higher dollar, non-complex acquisitions**
- **This training session assumes source selection is not using Simplified Acquisition procedures and is $\leq \$10M$**



What Is Source Selection?



This ISN'T how we do it!

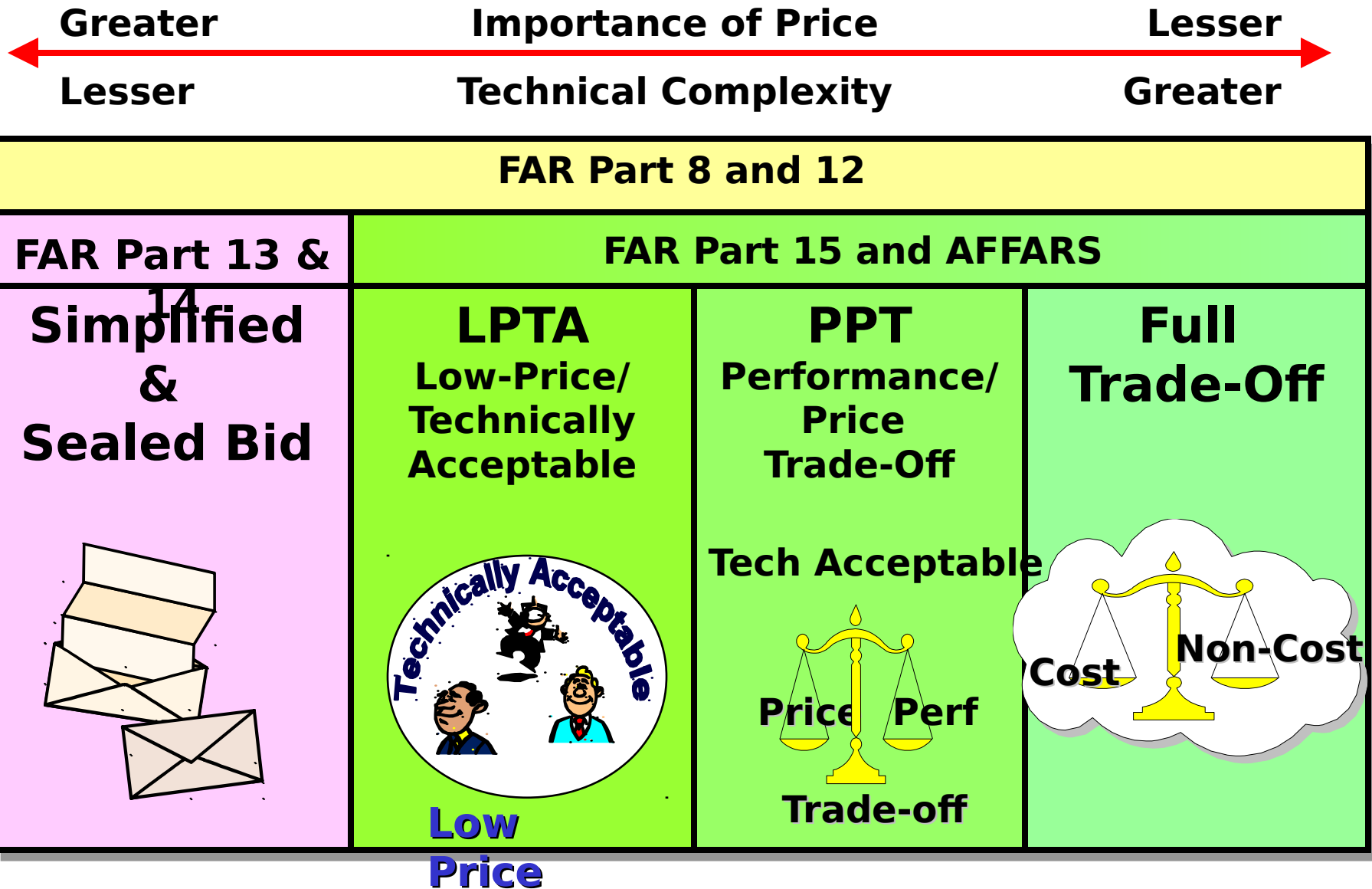


What Is Source Selection?

- **Competitive negotiated acquisitions**
- **Source Selection Procedures are addressed in FAR Part 15 - Contracting by Negotiation**
- **FAR Part 15.002(b) - Competitive procedures are intended to:**
 - ◆ **Minimize complexity of the solicitation, evaluation and the source selection decision**
 - ◆ **Foster an impartial and comprehensive proposal evaluation**
 - ◆ **Lead to selection of the proposal representing the best value to the Government**



The Best Value Continuum





Lowest Price Technically Acceptable (LPTA) Process

- **Appropriate when best value is expected from selection of technically acceptable proposal with the lowest evaluated price**
- **Past Performance does not have to be an evaluation factor**
- **Tradeoffs are not permitted**
- **Proposals are evaluated for technical acceptability but not ranked using non-cost/price factors**
- **Exchanges may occur**



Performance Price Trade-Off (PPT) Process

- **Permits tradeoff between price and past performance confidence**
- **Technically acceptable proposals are determined then tradeoffs are made between price and past performance evaluation to determine successful offeror**
- **Technical factors may be evaluated on pass/fail basis only but cannot be traded off for price**
 - ◆ **Only factor being traded off with price is past performance**
 - ◆ **Need to determine relative importance of past performance and price factors (equal, more significant, less significant)**



Full Tradeoff Process

Permits tradeoffs among cost or price and non-cost factors and allows the Government to accept other than the lowest priced offer



Team Composition

- **Lowest Price Technically Acceptable**
 - ◆ **PCO**
 - ◆ **Technical, if required**
- **Performance Price Trade-off**
 - ◆ **PCO & Technical**
- **Full Trade-off**
 - ◆ **PCO**
 - ◆ **Technical**
 - ◆ **Others based upon relative complexity of acquisition**

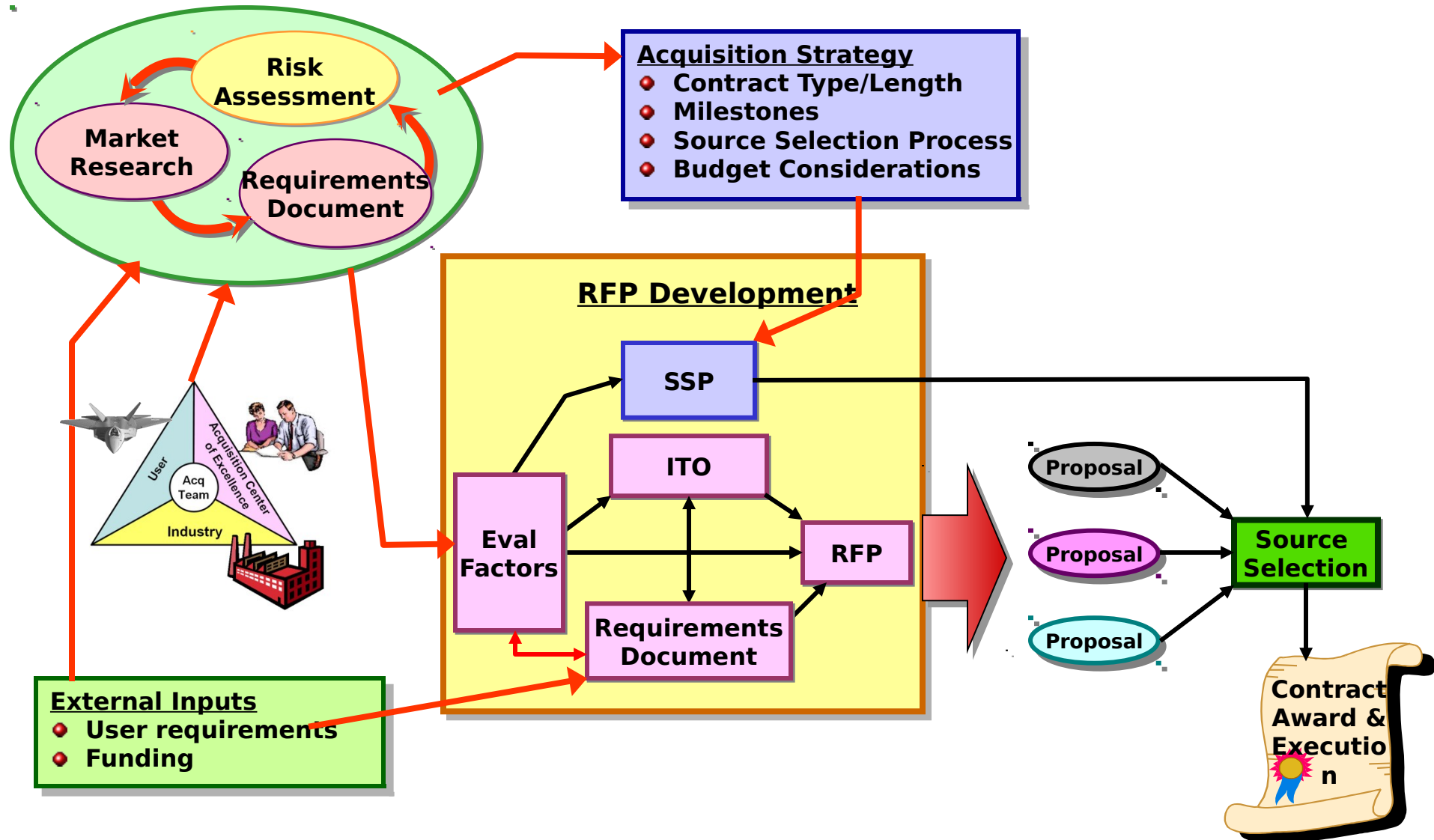


Source Selection Activities

No matter what process you use, some activities are common to all ...



Source Selection Activities





External Inputs

- **Consist of two principal components**
 - ◆ **User Requirements - documented pursuant to local procedures**
 - ◆ **Funding commensurate with requirement**
- **These inputs must be firm in order to proceed with the next steps in the process**
 - ◆ **Baseline established herein used for market research, risk assessment, requirements document development**



Market Research

- **Defined: An analysis of the market to determine**
 - ◆ **The extent to which non-developmental or commercial products or services may be used to fulfill government requirements**
 - ◆ **The potential offerors**

- **Benefits**
 - ◆ **Increases your knowledge so you can design the most appropriate acquisition strategy**

- **Process**
 - ◆ **Many options e.g. industry days, web searches, industry associations, Subject Matter Experts....**
 - ◆ **See local ACE for specific training**



Risk Assessment

- **Defined:** An analysis of the pre-mitigated risks associated with the successful completion of required tasks. These should include cost, schedule, and performance requirements, and their interrelationships.
- **Benefits**
 - ◆ Those risks considered “high” should be considered as viable discriminators when developing evaluation factors, and in determining the appropriate acquisition strategy.
 - ◆ Helps focus the RFP and the resultant contract on what’s important
 - ▶ Reduces resources necessary to conduct the source selection and in contract administration
- **Process:**
 - ◆ Several tools are available to facilitate process
 - ◆ See local ACE for specific training



Risk Assessment - Discriminators

- **Those areas, topics, or requirements that will enable the source selection evaluation team to distinguish among offerors**
 - ◆ **These may include something as broad as past performance or price - or**
 - ◆ **Something as narrowly focused as a particular desired capability expressed in the requirements document**

- **The identification of discriminators is arguably the most important determinant in establishing contract objectives, incentives, and evaluation factors.**
 - ◆ **At this stage, draft the evaluation factors**
 - ◆ **Use those factors to determine best source selection process**



Requirements Document

- **Defined: A performance based document that defines the government need without dictating the specific design solution.**
 - ◆ Exceptions include NSN, QPL, construction, . . .
- **Benefits**
 - ◆ A well written requirements document can reduce government costs by allowing commercial practices and contractor innovation to drive the solution
- **Process**
 - ◆ It is almost always better to start with a clean sheet, as opposed to working backwards from an existing document
 - ◆ Focus on what is absolutely essential to the user/customer
 - ◆ Less is generally more
 - ◆ See local ACE for assistance

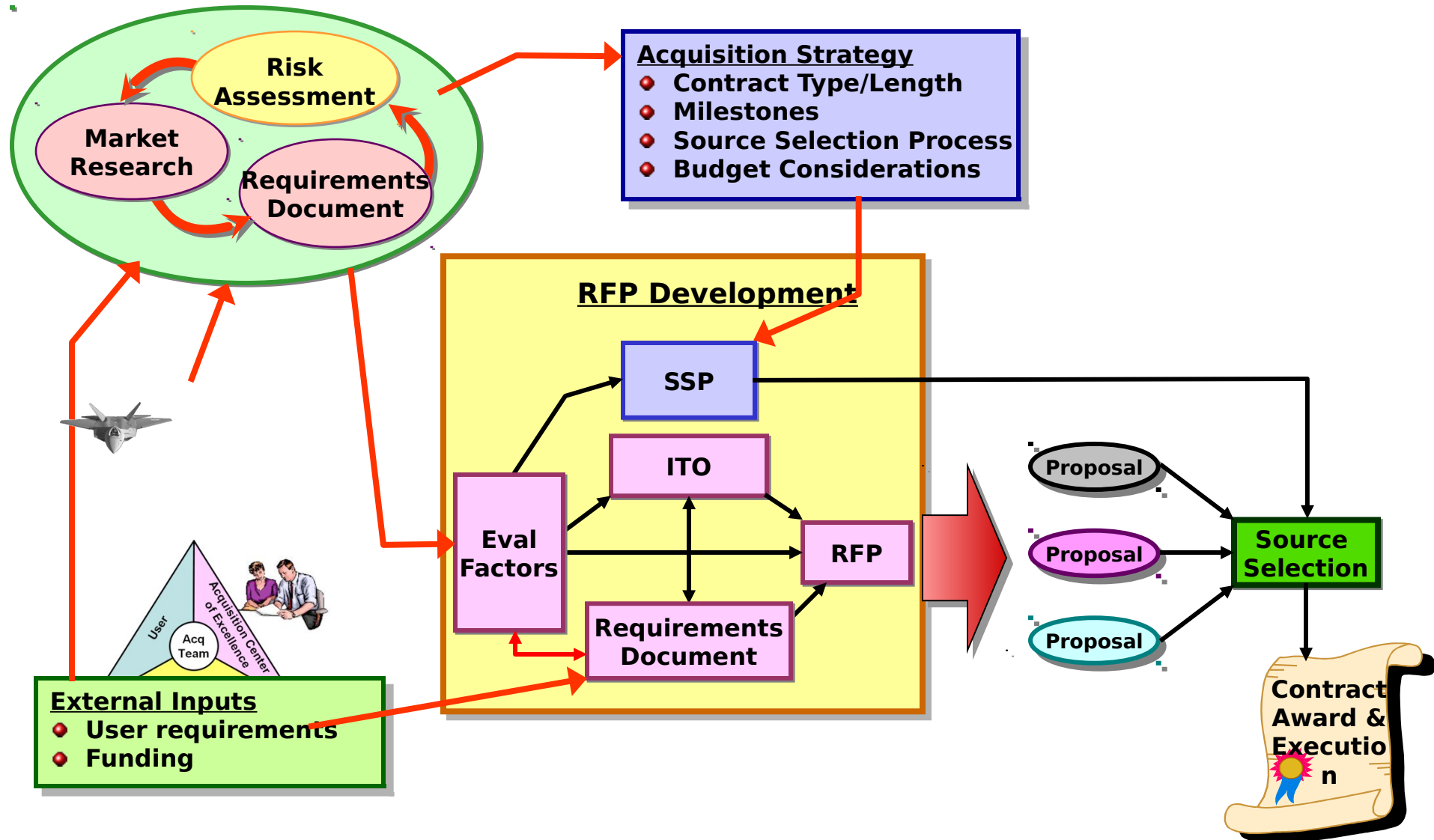


Industry/User Involvement

- **Industry is the customer of the RFP**
- **The user is the customer of the eventual product or service produced by industry in order to meet government requirements**
- **Leaving either out of the early phases of the competitive process is short sighted, and will likely lead to surprises during source selection or contract execution**
- **Involve all stakeholders in**
 - ◆ **Market research**
 - ◆ **Risk Assessment**
 - ◆ **Development of requirements document**



Source Selection Activities





Acquisition Strategy

- **For the purposes of this training, the acquisition strategy consists of four parts:**
 - ◆ **Determination of contract type/length**
 - ◆ **Milestones of the pre-award process**
 - ◆ **Selection of the source selection process**
 - ◆ **Budget considerations**
- **The results of market research, the risk assessment, and user requirements are important considerations in making all of the required decisions**



Acquisition Strategy - Contract Type/Length

- **Contract type should be determined based on the schedule, cost and performance risks identified during the risk assessment**
 - ◆ **Should high performance risk be identified, precluding accurate cost estimation within a reasonable degree, a Cost-Reimbursement contract vehicle may be appropriate**
 - ◆ **Should there be little performance risk, a Fixed Price contract may be the better choice**
- **Contract length for product acquisitions should be influenced by the contractors' feedback regarding how long it will actually take to complete contract requirements**
- **Contract length for all acquisitions is influenced by stability of requirements, statutes, funding, and ability to price**



Acquisition Strategy - Milestones

- **The milestones to contract award are a required component of most acquisition planning documents and Source Selection Plans**
- **The results of the acquisition team's market research and risk assessment should contribute to the scheduling of these events**
 - ◆ **For example, should a significant number of proposals be anticipated, the time allotted for the source selection should be longer**



Acquisition Strategy - Source Selection Process

- **As mentioned earlier, there are three source selection processes applicable to acquisitions $\leq \$10M$**
 - ◆ **Lowest Price Technically Acceptable**
 - ◆ **Performance Price Tradeoff**
 - ◆ **Full Tradeoff**

- **Based upon the discriminators identified through the risk assessment process, one of the processes should be chosen, and documented in the acquisition strategy and source selection plan**

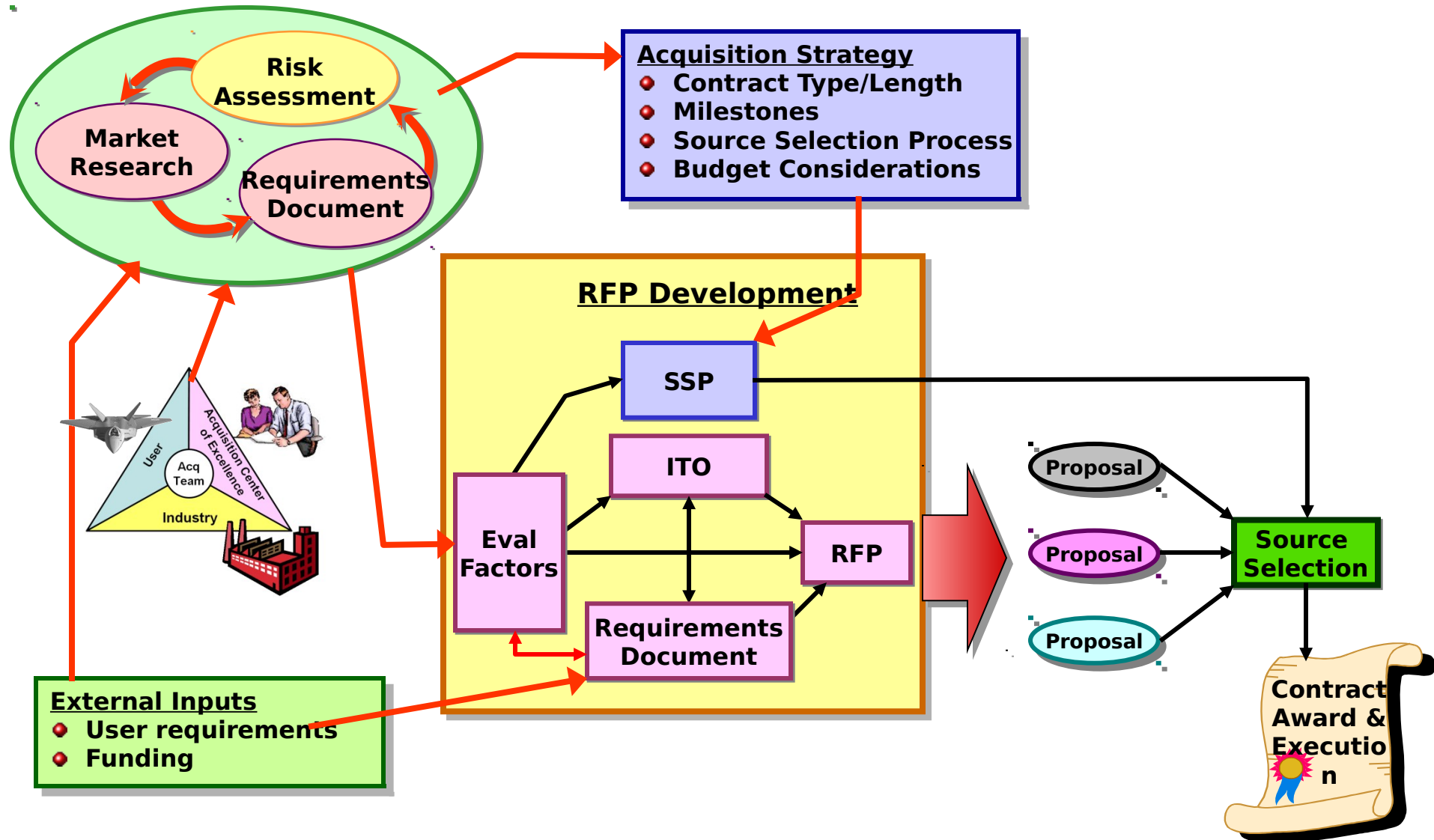


Acquisition Strategy - Budget Considerations

- **There are three principal budget considerations that are tied to the acquisition strategy**
 - ◆ **Type(s) of money (i.e. 3600 for R&D, or 3400 for O&M)**
 - ◆ **Amount (do you have enough to cover the requirement?)**
 - ▶ **If not, what requirement can you live without?**
 - ▶ **Are there alternative ways to meet the requirement?**
 - ◆ **Annual distribution**
 - ▶ **Is the funding available at the right time and in the right increments?**
- **The risk assessment should be able to help the team make all required acquisition strategy decisions pertaining to funding**



Source Selection Activities





Request for Proposals

- **Requirements**
- **Evaluation Factors (M)**
- **Instructions to Offerors (L)**
- **Other contractual information**



Evaluation Factors

- **Specific characteristics that are tied to significant requirements having an impact on the source selection decision**
 - ◆ **Expected to be discriminators between the proposals**
- **Uniform baseline against which an offeror's solution is evaluated to determine its value to the Government**
- **Used to measure how well each offeror meets RFP requirements**
- **Established specifically for each source selection**
 - ◆ **Written by evaluation team**
 - ◆ **Derived from market research and risk assessment**
 - ◆ **Approved by Source Selection Authority**
- **Used to determine which source selection process is appropriate for the acquisition**



Evaluation Factors

● Possible evaluation factors

- ◆ Mission Capability

- ◆ Proposal Risk

- ◆ Past Performance

- ◆ Cost/Price

● Evaluation process

- ◆ The choice of the evaluation factors determines which source selection process is appropriate

 - ▶ LPTA, PPT, or FTO

- ◆ Factors are selected based on results of Market Research, Risk Assessment and Requirements Document



Evaluation Factors - Mission Capability

- **For FTO, mission capability is evaluated**
 - ◆ **For LPTA and PPT, technical acceptability is evaluated on pass/fail basis**
- **The evaluation provides for two distinct assessments**
 - ◆ **Technical rating of the offeror's capability to satisfy the Government's requirements**
 - ◆ **Risk rating assesses the likelihood or risk that the proposed approach will cause significant disruption of schedule, increased cost or degraded performance**
- **All technical requirements are not evaluated here; only those characteristics, or discriminators, that truly differentiate one proposal from another**



Evaluation Factors - Mission Capability, cont'd

- **MC Technical Evaluation is expressed by color ratings: blue/exceptional, green/acceptable, yellow/marginal, or red/unacceptable**
 - ◆ **Narrative assessment is expressed in terms of strengths, uncertainties, and deficiencies**

- **MC Risk Evaluation is expressed by Low, Moderate, High, Unacceptable risk ratings**
 - ◆ **Narrative assessment is expressed in terms of weaknesses**

- **Subjective judgment implicit in the evaluation**



Evaluation Factors - Performance Confidence Assessment

- **Assesses the degree of confidence the AF has in an offeror's ability to provide products/services based on his demonstrated record of contract compliance**
- **Evaluation is expressed by Confidence Ratings: Substantial, Satisfactory, Limited, or No**
- **Applies to FTO and PPT over certain thresholds, and could apply to LPTA**

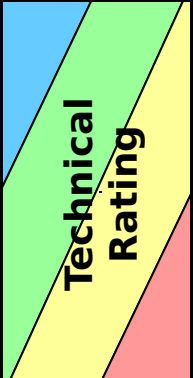

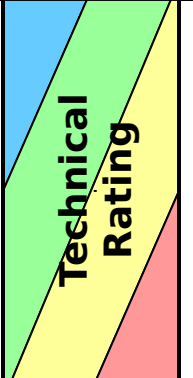



Evaluation Factors - Cost/Price

- **Evaluated for reasonableness and realism in accordance with FAR 15.4, as supplemented**
- **Mandatory for all source selection processes**



Sample Source Selection Factor Evaluation Matrix - Full Tradeoff

Mission Capability			
Subfactor 1 Warfighter Support	Subfactor 2 Responsiveness	Subfactor 3 Team Structure	Subfactor 4 SB/SDB Business Strategy
 Technical Rating	 Risk Rating	 Technical Rating	 Risk Rating
Past Performance			
Price/Cost			

Integrated assessment of above factors and subfactors will be made in order to determine “best value” to the Government.



Instructions to Offerors

• What is ITO

- ◆ Proposal preparation instructions for offerors
- ◆ Format and content
- ◆ Section L in non-commercial RFPs

• Steps to develop ITO

- ◆ Look at your evaluation factors
- ◆ Only ask for what is necessary to evaluate those factors
- ◆ You have to evaluate everything you ask for
- ◆ You have to determine that offeror meets all RFP requirements



Source Selection Plan (SSP)

- **Contents:**

- ◆ **Brief description of the requirement**
- ◆ **Evaluation factors and relative importance**
- ◆ **Evaluation process**
- ◆ **Techniques to be used in evaluating proposals**
- ◆ **Communications with industry and among government personnel**

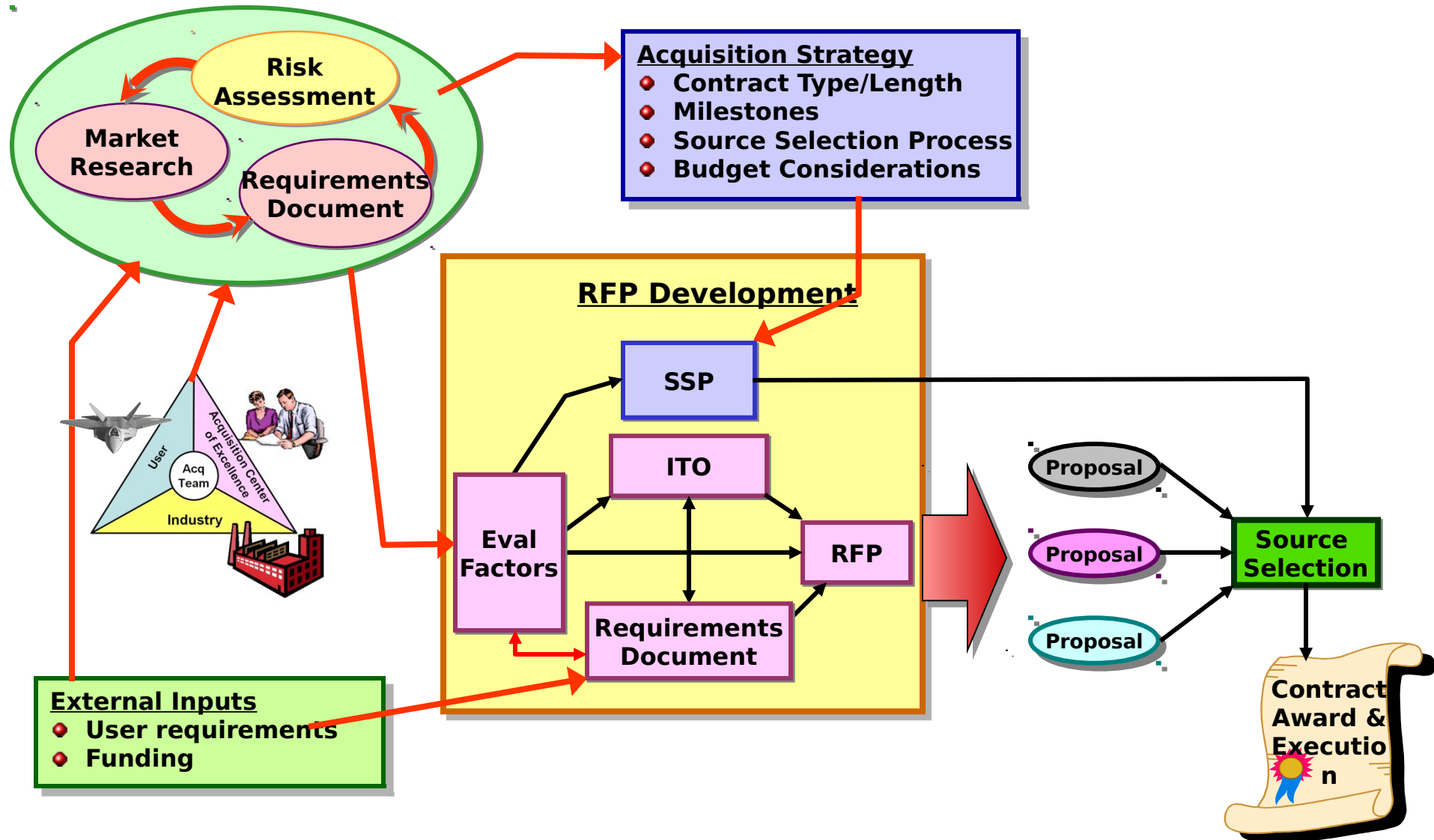
- **Signed by the SSA prior to RFP release**

- **The SSP is Part I of the Simplified Source Selection Report**

- ◆ **Does not have to be a formal plan**
- ◆ **Can be documented in briefing charts**



Source Selection Activities





LPTA Evaluation Steps

- **Establish evaluation factors and subfactors before solicitation release, i.e., technical acceptability**
- **Tech eval shall document evaluations in sufficient detail to explain each pass/fail decision**
- **Award made to lowest evaluated cost (price) offer that meets all minimum mandatory criteria**
- **PCO makes award decision and ensures award decision is documented**



PPT Evaluation Steps

- **When technical proposals are required, determine technical acceptability of each offeror**
 - ◆ **Based on pass/fail evaluation criteria in the solicitation**
 - ◆ **Offeror must pass all criteria to be considered acceptable**
- **If contractor is determined technically unacceptable, do not go further with price, performance evaluations**
- **Price for each technically acceptable proposal will be evaluated for price reasonableness, then ranked by total evaluated price to determine the low offeror**
- **Assess performance confidence for each offeror, or specified number of lowest priced technically acceptable offerors**



PPT Evaluation Steps (cont'd)

◆ Past Performance Evaluation

- ◆ Past Performance Information on relevant contracts submitted with proposal**
- ◆ Government obtains performance feedback through questionnaires, telephone surveys and automated systems**
 - ▶ e.g., Contractor Performance Assessment Reporting System; Past Performance Information Retrieval System (PPIRS); PPIRS-SR applies in some cases**
- ◆ Performance Confidence assigned using the performance ratings established in MP5315.3, Table 3**



PPT Evaluation Steps (cont'd)

- **May award without discussions**
 - ◆ **Issues dealing with Past Performance don't qualify as discussions**
- **Discussions may be necessary**
 - ◆ **Technical Issues**
 - ◆ **Cost/Price**
- **Request Final Proposal Revisions**
- **Evaluate Final Proposal Revisions**

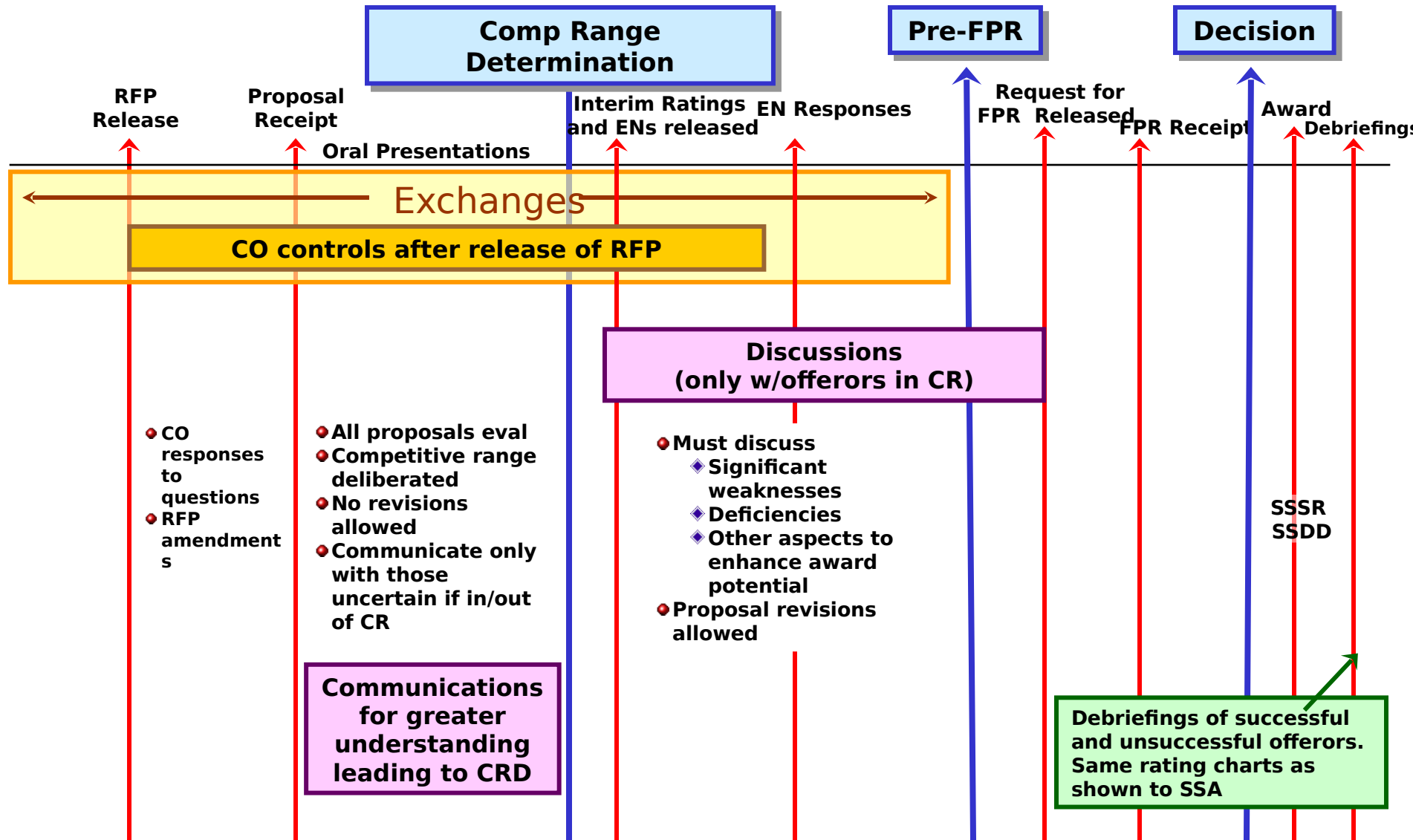


PPT Evaluation Steps (cont'd)

- **Award may be made to the technically acceptable, low price offeror with “acceptable” performance confidence**
- **The government has the right to make a trade-off decision and award to other than the low offeror based on better performance confidence**
- **Good business judgment shall be used in making a trade-off decision**
- **Basis for decision must be thoroughly documented**



FTO Evaluation - Overview





Simplified Source Selection Report

- **Section I - Source Selection Plan and Acquisition Description**

- ◆ **Streamlined Source Selection Plan**

- **Section II - Evaluation**

- ◆ **Rating Team Worksheets**

- ◆ **Price Competition Memorandum**

- **Section III - Comparative Analysis**

- ◆ **Concise comparative analysis of offerors**

- ◆ **Supports the source selection decision**

- ◆ **Team recommendation and any minority opinion**

- **Section IV - Source Selection Decision Document**

- ◆ **Signed by SSA**

- ◆ **Debriefing documentation can be attached to this section**



Matrix

Activities/Documents

Source Selection Plan

Non-complex requirement (P/N, NSN, Drawings, Spec)

Mission Capability Evaluated

Past Performance Evaluated

Price Evaluated

LPTA	PPT	FTO
Formal plan not required	Formal plan not required	Yes, as Part 1 of the PER
Yes	Yes	No
Pass/Fail	Pass/Fail (if used)	Yes
Optional *	Yes	Yes
Yes	Yes	Yes

*Past Performance need not be evaluated if the CO documents why past performance is not appropriate (i.e. not a discriminator)



Matrix

Tradeoffs

Notify offerors that they have been excluded from competitive range

Price Competition Memo required

Source Selection Authority

Source Selection Decision Document

LPTA	PPT	FTO
No	Yes, between Past Performance and Price	Yes, between all factors
N/A	Yes	Yes
No*	Yes**	Yes**
PCO	PCO	PCO
Yes	Yes	Yes



Helpful URLs or References

- **AFFARS Library Part 15 - Source Selection Center**
- **AF Library Part 42**
- **AFMCFARS Library Part 5315**
- **Local ACE, Contract Policy Office and JAG**



Questions or Feedback

- **Questions?**

- **Feedback?**

- ◆ **Comments/Recommendations can be posted at:**

<https://afkm.wpafb.af.mil/ASPs/NewBB/topics.asp?Filter=OO-AQ-PK-S1&forumid=1325>

- ◆ **The training modules will be reviewed/updated periodically based on your inputs**